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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, Diablo Canyon Seismic Studies Balancing Account, and Other Activities for the Record Period January 1 Through December 31, 2019. (U39E)

Application 20-02-009

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.

1. Procedural Background

On February 28, 2020, Pacific Gas and Electric Company (PG&E) submitted Application (A.) 20-02-009, *Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, Diablo Canyon Seismic Studies Balancing Account, and Other Activities for the Record Period January 1 Through December 31, 2019*

(Application). Protests were timely filed by the Public Advocates Office (Cal Advocates) and the East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy, Pioneer Community Energy, San Jose Clean Energy, Silicon Valley Clean Energy, and Sonoma Clean Power (collectively, the Joint CCAs) on April 2, 2020. PG&E timely filed a response to the protests on April 13, 2020.

On April 16, 2020, Administrative Law Judge (ALJ) Elaine Lau issued an E-mail ruling setting a telephonic prehearing conference (PHC) and directing parties to meet and confer on a procedural schedule and scope of issues. On May 4, 2020, PG&E served and filed a report of the meet and confer (Meet and Confer Report). In the Meet and Confer Report, PG&E states that parties agreed to a list of issues to be included in this proceeding, but disagreed on the issues that are related to the undercollection of sales resulting from PG&E's Public Safety Power Shutoff (PSPS) events in 2019.

A PHC was held on May 12, 2020. After considering the Application, protests, PG&E's reply to the protests, PG&E's Meet and Confer Report, and the discussions at the PHC, I have determined the issues and schedule of the proceeding to be as set forth in this scoping memo.

2. Issues

The issues to be determined are:

1. Whether PG&E, during the record period, prudently administered and managed the following, in compliance with all applicable rules, regulations and Commission decisions, including but not limited to Standard of Conduct No. 4 (SOC 4):
 - a. Utility-Owned Generation facilities;
 - b. Qualifying Facilities (QF) Contracts and Non-QF Contracts.

If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?

2. Whether PG&E achieved least cost dispatch of its energy resources and economically-triggered demand response programs pursuant to SOC 4;
3. Whether the entries recorded in the Energy Resource Recovery Account (ERRA) and the Portfolio Allocation Balancing Account are reasonable, appropriate, accurate, and in compliance with Commission decisions;
4. Whether PG&E's greenhouse gas compliance instrument procurement complied with its Bundled Procurement Plan;
5. Whether PG&E administered resource adequacy procurement and sales consistent with its Bundled Procurement Plan;
6. Whether the costs incurred and recorded in the following accounts are reasonable and in compliance with applicable tariffs and Commission directives:
 - a. Diablo Canyon Seismic Studies Balancing Account;
 - b. Green Tariff Shared Renewables Memorandum Account;
 - c. Green Tariff Shared Renewables Balancing Account;
 - d. Disadvantaged Communities Single Family Solar Affordable Homes Memorandum Account; and
 - e. Disadvantaged Communities Single Family Solar Affordable Homes Balancing Account.
7. Whether there are any safety considerations raised by this application.

2.1. The Issue of PG&E's Fuel Procurement and Hedging Activities

According to PG&E's Meet and Confer Report, parties propose an additional issue to be included in scope, which is whether PG&E's fuel procurement and hedging activities comply with its 2014 Bundled Procurement Plan. This issue was discussed at length in the PHC. After considering these

discussions, I have determined not to include this issue in the scope of this proceeding.

During the PHC, parties explained, other than last year's proceeding, this issue has traditionally not been included in the scope of PG&E's ERRA compliance proceedings, even though PG&E has been including testimony concerning this issue in the compliance proceedings every year.¹ Parties explained they included this issue because it was included in the scope of last year's ERRA Compliance proceeding, but they do not oppose having this issue be excluded from the scope of this proceeding.

Decision (D.) 02-10-062 requires PG&E to file Quarterly Compliance Reports (QCRs) through an advice letter filing with the Commission's Energy Division.² Energy Division reviews the transactions in the QCR for compliance with PG&E's Bundled Procurement Plan.³ Because Energy Division reviews PG&E's fuel procurement and hedging activities for compliance with the 2014 Bundled Procurement Plan through a process separate from this proceeding, it is not necessary to include this issue in the scope of this proceeding.

2.2. Issues Relating to PSPS Undercollections

The 2020 ERRA Forecast Decision, D.20-02-047, directed PG&E to include in the instant application an accounting of its PSPS events in 2019 and how these events impacted its revenue collections, and stated that the scope of this proceeding may consider the following questions:⁴

- 1) Should sales forecasting methods for adjusting revenue requirement under current decoupling policy be adjusted to

¹ PHC Transcript at 13-16.

² D.02-10-062 at 73. (Conclusions of Law 7)

³ *Ibid.*

⁴ D.20-02-047 at 25.

account for power not sold during a PSPS event? If so, describe how.

- 2) What methods could be used to account for sales lost during a PSPS distinct from sales reductions due to conservation?
- 3) If a utility does not collect its full revenue requirement due to lower volumetric sales during a PSPS, should it be prevented from adjusting future revenue requirements to make up for any undercollection? If so, describe how.

The 2020 ERRA Forecast Decisions for Southern California Edison Company's (SCE) and San Diego Gas & Electric Company's (SDG&E) also included the same direction.⁵ The Commission will consider the positions of the parties in SDG&E's and SCE's 2019 ERRA Compliance proceedings before making a determination on the PSPS-related scoping issues. Parties in SCE's 2019 Compliance proceeding, A.20-04-002, discussed the PSPS-related scoping issues during the PHC held on June 2, 2020, but parties in SDG&E's 2019 ERRA Compliance proceeding, A.20-06-001, have not had an opportunity to present their positions yet. Therefore, the Commission will consider input from parties in SDG&E's proceeding prior to making a determination of PSPS issues through an amended scoping memo in this proceeding.

3. Need for Evidentiary Hearing

Resolution ALJ 176-347, issued on March 12, 2020, determined that evidentiary hearing is needed in this proceeding. The scoping issues in this proceeding include contested material issues of fact. Accordingly, I affirm that evidentiary hearing is needed.

⁵ D.20-01-022 (SCE's 2020 ERRA forecast); D.20-01-005 (SDG&E's 2020 ERRA forecast).

4. Schedule

The following schedule is adopted here and may be modified by the administrative law judge as required to promote the efficient and fair resolution of the Application:

Intervenor Testimony	July 10, 2020
Intervenor Reply	July 22, 2020
Rebuttal Testimony	August 21, 2020
Status Report of Settlement Discussions	September 14, 2020
Evidentiary Hearings	September 21 – 25, 2020
Opening Briefs	October 19, 2020
Reply Briefs	November 9, 2020

The proceeding will stand submitted upon the filing of reply briefs, unless the administrative law judge requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code § 1701.5.

5. Alternative Dispute Resolution (ADR) Program

The Commission's ADR program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.⁶

⁶ See D.07-05-062, Appendix A, Section IV.O.

Any settlements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

The schedule set forth in this Scoping Memo includes a date for the completion of settlement talks. No later than this date, the parties will submit to the assigned ALJ a status report of their efforts, identifying agreements reached and unresolved issues requiring hearing.

6. Category of Proceeding/*Ex Parte* Restrictions

This ruling confirms the Commission's preliminary determination that this is a ratesetting proceeding. (Resolution ALJ 176-3457) Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

7. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website.

8. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by June 11, 2020, 30 days after the PHC.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. See Pub. Util. Code § 1701.1(g). Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10 requires only electronic service on any person on the official service list, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

12. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner. Elaine Lau is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is as set forth above.
3. Evidentiary hearings are needed.

4. The presiding officer is Administrative Law Judge Elaine Lau.
5. The category of the proceeding is ratesetting.

Dated June 19, 2020, at San Francisco, California.

/s/ MARTHA GUZMAN ACEVES

Martha Guzman Aceves
Assigned Commissioner